

**City of Lansing, 54A-District
Court Agency Fund**

**Financial Statements and Supplemental Schedule
June 30, 2004**

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name City of Lansing, 54A-District Court Agency Fd	County Ingham
Audit Date 6/30/04	Opinion Date 11/19/04	Date Accountant Report Submitted to State: 2/14/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) PricewaterhouseCoopers LLP			
Street Address 400 Renaissance Center	City Detroit	State MI	ZIP 48243-1507
Accountant Signature		Date 2/14/05	

**City of Lansing,
54A-District Court Agency Funds
Index
June 30, 2004**

	Page(s)
Report of Independent Auditors	1
Management's Discussion and Analysis	2
Financial Statements	
Statement of Net Assets.....	3
Statement of Changes in Assets and Liabilities, Bail Bond Fund	4
Statement of Changes in Assets and Liabilities, Garnishment, Indemnity Bond and Restitution Fund	5
Notes to Financial Statements	6-7
Supplemental Information	
Schedule of Operating Costs Paid by the City	8

Report of Independent Auditors

To the 54-A District Court
City of Lansing, Michigan

In our opinion, the accompanying statements of net assets and the related statements of changes in assets and liabilities, present fairly, in all material respects, the financial position of the Agency Funds of the City of Lansing 54-A District Court at June 30, 2004, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the management of 54-A District Court Agency Funds; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In accordance with Government Auditing Standards, we have also issued our report dated November 19, 2004 on our consideration of the City of Lansing's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of our audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis ("MD&A") on page 2, is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the financial statements as of and for the year ended June 30, 2004, taken as a whole. The supplemental information included in the schedule of operating costs paid by the City is presented for purposes of additional analysis and is not a required part of the financial statements of the Agency Funds of the 54-A District Court of the City of Lansing, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

PricewaterhouseCoopers LLP

November 19, 2004

**City of Lansing,
54A-District Court Agency Funds
Management's and Discussion Analysis
June 30, 2004**

This management discussion and analysis is intended to assist the reader in focusing on significant financial issues and provide an overview of the 54-A District Court's financial position. The 54-A District Court is a district court for the City of Lansing under the State of Michigan Supreme Court System. The management of 54-A District Court encourages the readers to consider the information here in conjunction with the financial statements taken as a whole, which follows this section.

Using the Annual Financial Report

This annual report consists of financial statements prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments: Omnibus – an Amendment of GASB Statement No. 21 and No. 34* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. GASB Statement No. 34 establishes standards for external financial reporting for state and local governments.

The basic financial statements are designed to provide readers with a broad overview of the District Court's finances in a manner similar to a private-sector business.

The statement of net assets presents information regarding all District Court's assets and liabilities, with the difference between the two reported as net assets. The net assets of the District Court are \$0, and represent a liability for defendants' court appearance deposits, restitution amounts held for payment to victims, and assets of cash equal to the deposits.

Overview of the Financial Statements

	June 30,	
	2004	2003
Assets		
Cash	\$ 80,000	\$ 80,000
Equity in City of Lansing pooled cash	<u>275,012</u>	<u>294,041</u>
Total assets	<u>355,012</u>	<u>374,041</u>
Liabilities		
Deposits held for garnishments, indemnity bonds, and restitution accounts	<u>\$ 355,012</u>	<u>\$ 374,041</u>

Program expenses of the District Court amounted to \$4,075,564 in fiscal year 2004, but are funded and accounted for in the City of Lansing's General Fund financial statements.

Request for Information

This financial report is designed to provide a general overview of the District Court's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to the 54-A District Court, 124 West Michigan Avenue, Lansing, Michigan 48933.

**City of Lansing,
54A-District Court Agency Funds
Statement of Net Assets
June 30, 2004**

	Bail Bond Fund	Garnishment, Indemnity Bond and Restitution Fund	Total Governmental Activities
Assets			
Cash	\$ 65,000	\$ 15,000	\$ 80,000
Equity in City of Lansing pooled cash	250,833	24,179	275,012
Total assets	<u>315,833</u>	<u>39,179</u>	<u>355,012</u>
Liabilities			
Deposits held for garnishments, bonds and restitution accounts	<u>\$ 315,833</u>	<u>\$ 39,179</u>	<u>\$ 355,012</u>

The accompanying notes are an integral part of these financial statements.

City of Lansing,
54A-District Court Agency Funds
Statement of Changes in Assets and Liabilities
Bail Bond Fund
Year Ended June 30, 2004

	Balance, July 1, 2003	Additions	Deletions	Balance, June 30, 2004
Assets				
Cash	\$ 65,000	\$ -	\$ -	\$ 65,000
Equity in City of Lansing pooled cash	276,094	1,655,467	1,680,728	250,833
Total assets	<u>\$ 341,094</u>	<u>\$ 1,655,467</u>	<u>\$ 1,680,728</u>	<u>\$ 315,833</u>
Liabilities				
Deposits held for bail bonds	<u>\$ 341,094</u>	<u>\$ 1,655,467</u>	<u>\$ 1,680,728</u>	<u>\$ 315,833</u>

The accompanying notes are an integral part of these financial statements.

City of Lansing,
54A-District Court Agency Funds
Statement of Changes in Assets and Liabilities
Garnishment, Indemnity Bond and Restitution Fund
Year Ended June 30, 2004

	Balance, July 1, 2003	Additions	Deletions	Balance, June 30, 2004
Assets				
Cash	\$ 15,000	\$ -	\$ -	\$ 15,000
Equity in City of Lansing pooled cash	17,947	152,232	146,000	24,179
Total assets	<u>\$ 32,947</u>	<u>\$ 152,232</u>	<u>\$ 146,000</u>	<u>\$ 39,179</u>
Liabilities				
Deposits held for garnishments, indemnity bonds and restitution accounts	<u>\$ 32,947</u>	<u>\$ 152,232</u>	<u>\$ 146,000</u>	<u>\$ 39,179</u>

The accompanying notes are an integral part of these financial statements.

**City of Lansing,
54A-District Court Agency Funds
Notes to Financial Statements
June 30, 2004**

1. Basis of Presentation and Significant Accounting Policies

Basis of Presentation

The 54-A District Court is a district court for the City of Lansing under the State of Michigan Supreme Court System.

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments: Omnibus – an Amendment of GASB Statements No. 21 and No. 34* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*. These statements establish standards for external financial reporting for state and local governments.

Basis of Accounting

The accounts of the Court are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, cash receipts and cash disbursements.

The funds of the Court are classified as agency funds, which are used to account for assets held by the Court as an agent for individuals, private organizations and/or other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations. The 54-A District Court has two agency funds, as follows:

Bail Bond Fund

This fund is used to hold cash received by the District Court for bail bonds.

Garnishment, Indemnity Bond and Restitution Fund

This fund is used to hold cash received by the District Court for garnishment payments until claimed, and to hold indemnity bonds deposited relating to civil disputes until the Court rules on the case.

The Court reports as a Governmental Activity, as defined by GASB Statement No. 34.

Cash and Equity of City of Lansing Pooled Cash

All amounts classified as cash of the Court are held by a local financial institution. The carrying amount of the Court's cash deposits and equity in City of Lansing pooled cash was \$355,012 at June 30, 2004. The bank deposit balance of \$80,000 at June 30, 2004 was fully covered by federal depository insurance.

Amounts shown as equity in City of Lansing pooled cash represent funds of the Court held in the City of Lansing's Treasurer's pooled cash account. Investment policies and risk categorization for the Treasurer's pooled cash account are included in the City of Lansing's general-purpose financial statements. It is not feasible to allocate the level of credit risk to the various funds that participate in the Treasurer's pooled cash account.

**City of Lansing,
54A-District Court Agency Funds
Notes to Financial Statements
June 30, 2004**

Operating Costs Paid by the City of Lansing

Certain costs are not reflected in the accompanying financial statements as they were provided by the City of Lansing. These costs are included in the accompanying schedule of operating costs paid by the City.

**City of Lansing,
54A-District Court Agency Funds
Agency Funds
Supplemental Schedule of Operating Costs Paid by the City
Year Ended June 30, 2004**

Revenues	
Contributions from City of Lansing	<u>\$ 4,075,564</u>
Expenditures	
Personnel services	\$ 3,517,851
Collection fees	144,165
Office supplies	103,084
Miscellaneous operating expenses	110,158
Witness and jury fees	41,317
Contractual services	108,466
Conferences and workshops	1,171
Insurance and bonds	35,540
Repair and maintenance	6,553
Library	7,259
Total expenditures	<u>\$ 4,075,564</u>